
Minutes

Board of Natural Resources

February 17, 2004 "Special Meeting"
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Gary Locke

Terry Bergeson, Superintendent of Public Instruction

Glen Huntingford, Commissioner, Jefferson County

Bruce Bare, Dean, University of Washington, College of Forest Resources

R. James Cook, Interim Dean, Washington State University, College of Agricultural, Human, and Natural Resource Sciences

CALL TO ORDER

Chair Sutherland called the meeting to order at 9:05 a.m. on, February 17, 2004, in Room 172 of the Natural Resources Building.

APPROVAL OF MINUTES

MOTION: Bruce Bare moved to approve the January 8, 2004, Board of Natural Resources Minutes.

SECOND: Glen Huntingford seconded.

ACTION: Motion passed unanimously.

MOTION: Terry Bergeson moved to approve the February 3, 2004, Board of Natural Resources Minutes.

SECOND: Bruce Bare seconded.

ACTION: Motion passed unanimously.

PUBLIC COMMENTS FOR AGENDA ACTION ITEMS

Bob Dick - American Forest Resource Council (AFRC)

Mr. Dick commented on the 30% land base that DNR is operating on and stated that any certification system that could be potentially adopted needs to accept that DNR needs to manage at the highest level of land base possible, any system that would reduce land base DNR should be wary of. He then remarked that the Board's selection of a preferred alternative would have an impact on the rural communities in WA State. Mr. Dick emphasized that one of the ways revenue is generated for the trusts is by secondary effect of forest manufacturing: logging, milling, etc., he would like to see the Board have more discussions on this particular topic.

Becky Kelley - Washington Environmental Council (WEC) (Handout 1)

Ms. Kelley began by expressing her concern over the proposed policy changes that may occur when the Board chooses a preferred alternative and would like to hear a discussion on why those policies were put into place originally. Ms. Kelley remarked on three procedures that are of particular concern to WEC, the Legacy Tree procedure, 50/25 task, and the temporary owl circles. Ms. Kelley then stated that WEC would like DNR to maintain the 7% of total trees per acre greater than 12 inches dbh, with the limitation that retention will be no fewer than 8 and no more than 20 trees per acre. She then remarked that WEC would like to see DNR maintain the 50/25 rule.

Marcy Golde - Washington Environmental Council (WEC) (Handout 2)

Ms. Golde addressed the policies and procedures that may change when the Board selects an alternative and expressed concern over the lack of detail provided to the public and the time frame in which the public can comment on the DEIS. She then pointed out that in February's presentation to the Board it says there would be "some" activity on unstable slopes and she wanted to make clear that doing so would propose a drastic change. In order to do that type of adaptive management there needs to be more research done to ensure the safety of habitat and human life in regard to slope stability. She then discussed the Old Growth proposal and pointed out the difference in natural old growth and structurally old forest habitat, which has fewer criteria. She conveyed that there is very little Old Growth on the Westside and her opinion is that those acres should be deferred through the trust land transfer program.

Alex Morgan - Seattle Audubon Society

Mr. Morgan began by stating that no matter what direction the Board takes on the Old Growth proposal the decision should be as scientifically grounded as possible. He then discussed spotted owl management and indicated that in the last decade there has been an annual decline of 6% in this species. The Seattle Audubon Society is concerned that the potential alternative may result in unforeseen costs and damage to the forest.

Eric Harlow - Staff Scientist - Washington Forest Law Center (Handout 3)

Mr. Harlow began by discussing the 50/25 task and the concern he has with the repeal of it under most of the alternatives. He then stated that in the absence of other cumulative effects analysis this task serves as a safety net and should not be viewed as a constraint. He then pointed out contradictions in the HCP and the DEIS regarding "below acceptable levels" (DEIS page 4-152) (DIES page ES-10) which was brought to DNR's attention in a memo from Dave Whipple from DFW and was included in Becky Kelley's handout (1) to the Board.

Rod Fleck - City Attorney - Forks (Handout 4)

Mr. Fleck handed out a chart from the Clallam County Treasurer's office showing the sale of County timber. He then encouraged the Board to meet the legal requirements of the trust mandate and environmental compliance as they proceed in their selection of a preferred alternative. He expressed concern about off base acreage and the importance of knowing where those acres are located. He then discussed volume output and stressed the importance of monitoring that in the FEIS.

Dave Ivanoff - Hampton Resources

Mr. Ivanoff commended the Board and the department for their work on the SHC recognizing that it has been done in a professional manner. He expressed concern about the set aside of land without approval of the Board or sound scientific justification. He informed the Board that his company owns 82,000 acres in Washington and that they are SFI certified, the amount of land based dedicated to values other than timber production is around 15-20% of the land base. The economic contributions to timber dependent communities are extremely important and should be kept in mind as the alternative is chosen. He then urged the Board to select an alternative that optimizes timber production.

Chair Sutherland asked Mr. Ivanoff if the 15-20% of off base acreage included riparian areas?

Mr. Ivanoff said that was correct.

Break at 9:45

Reconvene at 10:00

BOARD DISCUSSION

Sustainable Harvest Calculation

Chair Sutherland asked Bruce Mackey to respond to some of the comments made during the General Public Comment portion.

Bruce Mackey stated that Gretchen Nicholas and Jack Hulseby would give a brief outline of the history of the implementation of the 50/25 task and the owl circles that were put into place under the previous administration.

Gretchen Nicholas began by detailing to the best of her memory how these procedures were put in place. In early 1997 the HCP was put into place and at that time there was a lawsuit that had been brought forward by several entities with Lewis County as the lead. Ms. Nicholas then specified that Commissioner Belcher or her Supervisor Michael Perez-Gibson informed her that the Commissioner had decided to put additional owl circles not included in the Memorandum one (Charlie Baum) off base. Commissioner Belcher felt at that time if the Department were to operate in the owl circles and the lawsuit was successful then DNR would be responsible for mitigation, which was not something Ms. Belcher wanted to risk. Ms. Belcher's second concern was the gradual implementation of the HCP. Ms. Nicholas stated that in 1997 both of the procedures sounded like reasonable objectives. She then stated that the question had been raised whether or not to include these owl circles in the SHC and was told not to because it was considered a temporary measure. At this same time Charlie Cortelyou who was then head of the timber sales group started receiving an increased amount of concerns from field staff regarding the slow pace of the HCP implementation which was driving the harvest into the matrix areas due to the amount of land off base. Because the department was under the impression that this procedure was a temporary one, Charlie Cortelyou constructed the 50/25 rule to assist in spreading the harvest across the matrix lands. The 50/25 rule was constructed upon the rain on snow regulations, this was not included in the SHC. Ms. Nicholas looked at the regions and found that the 50/25 rule was mainly being performed in landscapes where there was very little DNR ownership such as the greater Seattle area, and was not found to add value when looked at as a constraint when protecting watersheds.

Ms. Nicholas then discussed the legacy tree procedure and why she put it in place. At that time Jerry Franklin and Andrew Carey were holding a training seminar for DNR staff on variable density thinning. Upon completion of the training it was apparent that the HCP said 8 trees per acre while Jerry Franklin

was teaching in percentages, this caused confusion for managers and staff. To lessen the confusion the 8 trees per acre was converted to 7% and then applied further guidelines in the NRF and Dispersal areas regarding higher percentages of leave trees. Currently this is still confusing because the HCP says 8 trees per acre and the guidelines say 7%. The procedural changes that will occur in the legacy tree procedure will only affect the Westside.

Jack Hulseley then added several comments to Ms. Nicholas' recollection of the three procedures put into place in the late 1990's including the fact that he was very active in the development of the HCP. He then brought the Board's attention to the Forest Practices rule package that was developed in 1992, seemingly borrowing from the rain-on-snow Forest Practices rules. In his opinion it is a "scientifically unwarranted extrapolation" of the science under the hydrology rules to be placed into a cumulative effects framework. Since the 50/25 rule went into effect a substantial effort by the department sale by sale looking at cumulative effects analysis has been done; the DNR has developed an expanded SEPA checklist that is designed to explore cumulative effects of the planned timber sales. The imposition of this rule and overlays has distorted the implementation of the HCP and has deflected harvest into areas that were not necessarily planned in the HCP EIS, both in SEPA and NEPA.

Terry Bergeson clarified that the Department is doing site-by-site analysis versus speculative analysis.

Mr. Hulseley said that was correct. He then stated that there were no changes proposed in the treatment of unstable slopes.

Ms. Bergeson asked for clarification on the extrapolation of the 50/25 rule.

Mr. Hulseley explained that the 50/25 rule was based on rain and snow issues relative to forest management but was applied to cumulative effects and that is where the extrapolation occurred.

Mr. Nichols commented on Ms. Bergeson's Principles (Handout 5, Management Principles and Objectives Memorandum) and suggested that the word "experimenting" be replaced with utilizing on the 4th bullet, so that it implies the use of science regarding biodiversity pathways. On #5 Mr. Nichols was concerned about cash flow restraint and felt that it should be deleted so that it would not limit the Board in the selection of the potential alternative, he also suggested deleting the end of the sentence after the word constraints. His third concern was that the fiduciary responsibilities were more than a direct financial return to the beneficiaries.

Ms. Bergeson remarked on #8 and explained that her intent was to eliminate lands that have societal issues and use the trust land transfer program to acquire lands that would benefit the trusts.

Mr. Nichols asked where forest health would be covered in the Principles framework?

Chair Sutherland brought the Board's attention to #6.

Ms. Bergeson explained that her intention was that forest health flowed through all the objectives and that the Board would find that balance.

Ms. Bergeson agreed to the word utilizing but wanted to make sure that innovation is implied.

Ms. Bergeson expressed her concern about Mr. Nichols suggestion to delete cash flow from #5. Until she sees a lucrative economic plan she does not want to move off of the 25 cents. She mentioned NPV and would like a more in-depth understanding of it.

Mr. Bare agreed with Ms. Bergeson on #5 and felt that the 25% management fee limitation is important. He then expressed concern about #8 and why it restricts only on-base land, he then suggested striking “on-base”.

Mr. Huntingford referred to the comments made earlier about the private sector having 15-20% of their land off base and as the department goes through this process there needs to be some type of criteria to identify which lands are going to be on or off base.

Mr. Bare suggested wording #8 in a broader prospective.

Mr. Nichols stated that cost is an issue. He also asked how active management is differentiated.

Ms. Bergeson responded that active management would be a balanced silviculture approach to achieve the mosaic of a volume/value mix.

Mr. Mackey referenced slide 4 (handout 6, Sustainable Forest Management, 2/17/04).

Elements of the Potential Preferred Alternative: Policy and Procedure Changes

Key Policy Features:

1. Sustainable Timber Harvest Flow- Forest Resource Plan Policy No. 4 – Modulating even-flow: a policy objective of allowing the timber harvest flow (volume) not to vary more than a +/- 25% on a inter-decade basis.
2. Timber Harvest Levels – Forest Resource Plan Policy No. 5 Value: a policy objective of maximizing the value of the harvest from the on-base forest acres subject to other policy objectives and constraints.
3. Westside Ownership Groups (or SH Units) – Forest Resource Plan Policy No. 6 -20 units – Federally granted State Trust forest lands and Forest Board Purchase Trust forest lands are placed in one Westside sustainable harvest unit; Forest Board Transfer State Trust lands are divided into seventeen county units; and State Trust lands in the Olympic Experimental Forest and Capital Forest are placed into two sustainable harvest units.
4. Managing On-base lands- Forest Resource Plan Policy No. 11 – a policy objective of maintaining as much trust land on-base as allowable by law (including the HCP) and employing innovative management techniques (different silvicultural techniques) that seek to combine resource protection, sensitivity to cultural and local issues, and revenue generation activities across DNR managed landscapes.
5. Forest Conditions for determining when stands are regenerated – No policy changes are proposed - the policy objective is an average rotation age of 60 years or greater across the forest.
6. Biodiversity pathways – Forest Resource Plan Policy No. 30 & 31 – a policy objective to reflect the use of silviculture to create, develop, enhance and/or maintain forest biodiversity and health. The objective of silviculture based on biodiversity pathways principles (Carey et al. 1996) is for simultaneous increases in production of both habitat and income. The policy priority is on habitat-designated areas: riparian, spotted owl management areas and other upland areas with specific management objectives.
7. Older Forest – Forest Resource Plan Policy No. 14 – a policy objective that targets the development of 10 to 15 percent of each Westside HCP Planning Unit as older forest based on structural characteristics.
8. Maintaining mature forest components – procedure revised to remove 50/25 WAU strategy.

9. Northern Spotted Owl management – procedure revised to reflect the release of Administrative Owl circles (Status 1-reproductive and Southwest Washington circles) in 2007, use of HCP owl management areas (OESF, NRF and dispersal management areas).
10. Riparian management – procedure to be finalized with consultation with the Federal Services. Board policy is that riparian management zone will be actively managed with innovative silviculture at appropriate moderate levels (similar in area under treatment of Alternative 2 outcomes) for conservation benefits and revenue generation.
11. Legacy and reserve tree – procedure will be updated to reflect HCP strategy of maintaining a minimum of 8 trees per acre in regeneration harvest stands. Other considerations
12. Base silviculture – for uplands with general objectives and uplands with specific objectives to reflect “current DNR” (Alternative 2) focus on economic potential subject to other objectives such as habitat. Constrained by costs.
13. On-base for 2004 estimated at 877,000 acres.

Mr. Brodie referred to slide 4, which outlines the key policy features of the potential preferred alternative.

Mr. Bare asked about the amendment regarding “some management on some unstable slopes.”

Mr. Brodie responded that yes it was included in the modeling.

Mr. Bare asked if unstable slopes are off base under the current management direction.

Mr. Brodie said yes but under the policies and procedures they are not proposing to change anything in those areas.

Ms. Bergeson asked if the geologists would be looking closer at the slopes and determining whether or not they are stable or unstable.

Mr. Brodie said yes.

Mr. Nichols clarified that active management on some slopes is an implementation issue rather than procedural.

Mr. Nichols wanted clarification on #4 regarding managing on-base lands.

Mr. Brodie referred to policy 11 of the DEIS and how it directs the management of on-base lands using decision criteria balancing biological productivity and economic potential.

Mr. Bare suggested that policy 11 in the DEIS be updated with modern words (HCP, Owl Circles, slope stability).

Mr. Huntingford stated that policy 11 in the DEIS sums up what the Board has been discussing.

Mr. Bare stated that the minimum rotation age of 60 and the average of 60 don't capture variability.

Mr. Brodie agreed but stated that it captures the average of what the forest will be.

Mr. Bare responded that when the policy was written it was geared more toward clear cutting as opposed to the new silviculture in the potential preferred alternative.

Ms. Bergeson stated that uplands with general objectives should have an average below 60.

Mr. Bare felt that the term “average rotation age” shouldn’t be applied as done historically because on some of the lands (riparian) we will not perform a regeneration harvest and on other land classes (uplands with specific objectives) extended rotations will be used to generate a more diverse forest structure. Mr. Bare is not convinced that the term “average rotation age” captures the range of variability in tree ages across the landscape under the sustainable alternatives being developed.

Mr. Cook suggested using the word minimum.

Mr. Huntingford asked how thinning would fit into the average.

Mr. Bare said the context is in reference to regeneration harvests. Thinning typically extends the rotation age relative to no thinning. He then asked what would happen in the riparian areas.

Mr. Brodie said it would be patch cutting and variable density thinning, but no regeneration harvesting.

Mr. Brodie referred to slide 4, #4 and policy 11.

Mr. Brodie stated that alternatives 5 & 6 focus on NPV on a stand-by-stand basis.

Mr. Bare surmised that if this policy were applied to uplands with general objectives it would make sense, as these are the lands being managed primarily for revenue generation.

Ms. Bergeson asked where the average of 60 years originated from?

Mr. Brodie responded that it depends on the site and species mix. For example Doug Fir would have an average rotation age of 60 years on average site quality land, he added that the models include all stands.

Mr. Huntingford suggested rewriting the intent of the policy for clarity.

Chair Sutherland noted that there are exceptions listed on page 19 of the Forest Resource Plan.

Mr. Brodie stated that if the Board is concerned that some stands are regenerated at younger ages how could we describe the outcomes of the forest on this potential preferred alternative?

Mr. Huntingford expressed his desire to keep a broad range for the foresters to work with.

Mr. Nichols asked if #6 on slide 4 ([Handout 6](#)) refers to level biodiversity intensity?

Mr. Brodie said it has not been applied to the model in uplands with general objectives but implies that it could be. He then continued on #7 slide 4.

Mr. Nichols wondered where Old Growth stands fit into this?

Chair Sutherland suggested deferring this portion of the discussion until after Mr. Brodie had finished.

Mr. Brodie said that the 2,000 acres are classified as old growth research areas.

Mr. Bare responded that old natural forests are protected under policy 14 and it's been modeled that way. In addition, in the potential preferred alternative 10-15% of each HCP planning unit are to contain old forest structures.

Mr. Brodie added that the 2,000 acres remain deferred under that policy.

Mr. Mackey stated that this implements the HCP.

Mr. Bare asked if the 10-15% policy included stand structures other than old natural forests.

Mr. Brodie said yes.

Mr. Bare responded that not all stands in the complex forest structure category are old trees.

Chair Sutherland asked Mr. Brodie to brief the Board on discussions that have taken place with Fish and Wildlife.

Mr. Brodie remarked that they have had discussions regarding NRF and dispersal areas to ensure that DNR's interpretation of them being targets instead of constraints is correct. He said that there is general agreement that the implementation is going forward as it was envisioned.

Mr. Bare wanted to know what the current policy is regarding owl circles compared to the way it is implemented in the potential alternative on pages 4 & 5 ([Handout 7](#), Draft Proposed Policy Changes).

Mr. Brodie stated that there are three groups of owl circles one labeled memorandum 1, which is an agreement with the Federal Services. That agreement states that DNR will maintain the circles with no harvest activities in habitat areas until 2007. For modeling purposes the owl circles were deferred from harvest activities in non-habitat and habitat areas.

Mr. Brodie said that in 2007 the circles would be released to all harvesting activities and that is included in the modeling.

Mr. Brodie continued that the other two groups of owl circles include status 1 reproductive and Southwest Washington owl circles. The circles were placed under procedure 14 where the harvest in habitat areas would be deferred. The regions have been deferring activities in these areas but the models reflect the release date.

Mr. Mackey said the department has done special management of four SW owl circles as agreed upon between DNR and Fish and Wildlife until 2005.

Mr. Brodie stated that there are two different strategies; management of owl circles and management of NRF and dispersal areas.

Mr. Brodie referred to slide 18 from the January 8, 2004 meeting showing owl circles and NRF and dispersal areas.

Ms. Bergeson asked if the owl circles could occur in a NRF and dispersal area?

Mr. Brodie answered yes and under the HCP there are several nest patches that are protected.

Mr. Bare wondered if the nest patches were retained in the alternatives.

Mr. Brodie said yes.

Mr. Bare asked what the change on page 5 ([Handout 7](#)) is?

Mr. Brodie responded that if there is no habitat then the management would be constrained to habitat enhancement activities. Under the potential preferred alternative it would be run as a target. If you had a watershed that did not have the 50% habitat requirement then the only activities that could occur would be variable density thinning and any silvicultural activities that would restore the habitat. In the future you could have a regeneration harvest. He continued that it adds flexibility to any activities.

Mr. Nichols asked if the biodiversity pathways address the 50/25 rule?

Mr. Brodie said the results have not been examined at that level but it would seem logical that any alternative with biodiversity pathways in it would produce stands similar to that across the landscape.

Mr. Brodie mentioned that the reason alternative 2 has more on-base acres than 3, 5, & 6, is due to the Status 1 Southwest owl circles being assumed on base in 2004. The unstable slopes were also deferred in the riparian area.

Mr. Nichols asked for clarification on “base” silviculture.

Mr. Brodie explained that it would include shorter rotations, very little thinning, and higher planting densities, similar to alternative 5; this would be the objective if the goal were to maximize NPV. Biodiversity pathways would be applied to uplands with specific objectives. The silviculture in the potential preferred alternative is not about maximizing NPV but is balancing economic productivity and biological potential.

Ms. Bergeson expressed the Board’s concern over having a minimum rotation age of 60 on average site land.

Mr. Brodie said he would change #12 on slide 4 to reflect the two types of silviculture and how they would be applied to uplands with general objectives and uplands with specific objectives.

Mr. Cook asked if alternative 2 was implementation of the HCP?

Mr. Brodie said that was correct.

Mr. Bare wanted to include a statement that clearly shows that 1.117 million acres are estimated to be “on base” in the second decade.

Lunch 12:30

Reconvened at 1:30

CHAIR REPORTS

BOARD DISCUSSION CONTINUED

Mr. Mackey began by asking the Board to compare the potential preferred alternative to alternative 1 so they could see the numbers regarding cost, volume, and revenue.

Mr. Brodie referred to slide 7 ([Handout 6](#)), which is a comparison of current DNR management vs. the potential preferred alternative.

Mr. Nichols asked if the total volume of 476 mbf was for the Westside?

Mr. Brodie said the Westside represents 396 mbf.

Mr. Nichols asked which biodiversity approach was used in this run for uplands with specific objectives.

Mr. Brodie responded that heavy thinning was used. He referred to slide 17 ([Handout 6](#))

Mr. Nichols asked how soon the Board Feet would increase to 716?

Mr. Mackey said the department is at 560 mbf right now but there are implementation issues involved with this.

Mr. Cook referred to slide 18 ([Handout 6](#)) and wondered what had been lost with the mix and match approach?

Mr. Brodie responded that the application of biodiversity pathways increases the costs.

Chair Sutherland conveyed that under the potential preferred alternative there is an additional 23 million per year spent but 49 million a year is generated.

Mr. Mackey referred to page 16, which was a brief description of the Board requested model runs.

Mr. Bare asked if the variability to specific trusts would be greater in 6B than 6A.

Mr. Brodie said that is an assumption, as it has not been examined at this point.

Ms. Bergeson asked for clarification on slide 17 in reference to regeneration harvests in 6A & 6B.

Mr. Brodie responded that there is an excess timber inventory, which they were able to reduce and this led to an increase in regeneration activities.

Mr. Brodie explained that in the modeling they couldn't specifically constrain costs so they had to look at strategies that would represent a method for constraining costs. When the six alternatives were examined alternative 3 in the first decade had a mix of harvest types and levels of cost and gross revenue and it was able to keep its cost at 25% due to the amount of regeneration harvests.

Mr. Bare pointed out that in alternative 3 the cost was constrained to 25% and yet resulted in an annual timber harvest of 662 mbf; but it came at the cost of more variability to individual trust and land ownership groups.

Ms. Bergeson asked what the rationale was for the acres on slide 17 ([Handout 6](#)).

Mr. Brodie responded that it was to show the impact on activity. He then referred to page 18, which gives a financial summary during the first decade. The potential preferred alternative would still be dominated by regeneration harvests although compared to the other alternatives presented there would be more revenue coming from the uplands and riparian areas. In the run where management costs were constrained it was predominantly regeneration harvest and would be around 40 million per year.

Chair Sutherland pointed out the trend lines on the potential preferred alternative and how it shows the higher net value over time.

Mr. Brodie summarized page 19 ([Handout 6](#)).

Mr. Mackey conveyed that in the first decade there are a lot of options due to the amount of volume available.

Mr. Huntingford wanted to know if this was a conservative approach?

Mr. Brodie responded that there are many options to meet the objectives.

Chair Sutherland asked if this had done by management groups?

Mr. Brodie said yes.

Mr. Bare wanted to make sure that summaries by ownership, HCP, and trust ownership groups would be provided to the Board before March 2nd. He then asked if any old growth would be cut in the first decade under the potential preferred alternative.

Mr. Brodie answered that according to age class -- potentially 800-1,000 acres could be harvested in the first decade, but there would be flexibility for other options.

Mr. Brodie continued summarizing slide 19 ([Handout 6](#)).

Ms. Bergeson expressed concern about the cost constraint.

Mr. Mackey suggested discussing implementation issues and referred back to slide 9 ([Handout 6](#)). He continued that whichever alternative is selected the productive capacity of the trusts should be preserved. Utilizing innovative silviculture techniques does increase costs, which would add to already increased costs resulting from changes in the legal and social environment over the last 30 years (slide 10). He then explained the timber revenue graph on slide 11 in reference to higher costs of timber. He then conveyed two messages to the Board 1) DNR is continuing to operate at above 25% but at the end of the biennium the fund balance will be zero, it costs about 29% to operate currently. 2) To achieve the long term potential alternative, there would be an increase in gross revenue but the investment to get there would be increased as well, once that has been reached the maintenance level would be around 29%. He then described the graph on slide 13 ([Handout 6](#)) regarding cash flow and return on investment. "If it was assumed that a \$30 million "loan" was used, then the beneficiaries would receive an additional \$126 million, about a 4-fold return within the first decade. The second decade increase is \$210 million."

Mr. Mackey then pointed to a graph on slide 14 ([Handout 6](#)).

Mr. Bare asked how many FTE's would be needed to implement the potential preferred alternative.

Mr. Mackey responded that there is some excess capacity within the agency but it has not been analyzed at this point.

Ms. Bergeson wondered how revenue could be maximized without high management costs going to one sustainable unit due to the negative impact on the counties.

Mr. Brodie said that under alternative 3 there would be more variation over time for the smaller trusts. Forest regulation would even out the boom and bust over time but that could be 150-200 years out.

Mr. Nichols brought up competitive exclusion stand structures and the advantage of biodiversity pathways as a tool to create structural complexity.

Mr. Brodie responded that the coefficient of variations for alternative 3 ran between 20-25% for the larger trusts and then up to 60% for the smaller trusts.

Chair Sutherland addressed the fact that there are financial problems involved with the potential preferred alternative but suggested going back to Ms. Bergeson's Principles framework and seeing if there were any more changes.

Ms. Bergeson discussed the potential preferred alternative and suggested taking out the average of a 60-year rotation.

Chair Sutherland assured the Board that they would receive the rewrite of that early next week.

Mr. Huntingford said he would entertain discussions with the counties about possibly going from 22% to 25%.

Chair Sutherland reemphasized that the dollar and harvest amounts are targets; flexibility is going to be important in the department's ability to attain the goals presented.

Ms. Bergeson declared that the potential preferred alternative should be run.

Chair Sutherland briefly touched on the Old Growth proposal and suggested that the harvest plans would identify the size and location of those acres. He then suggested looking at the Old Growth proponent to identify what areas could possibly be put into the trust land transfer program.

Mr. Bare felt that a prudent course to pursue is to examine specific old growth areas through implementation of the preferred alternative and at that time take appropriate action to ensure adequate compensation for the trusts.

Mr. Huntingford expressed his concern for the acres being taken off base and what the best interest is for the trust beneficiaries.

Meeting adjourned at 3:10 p.m.

Approved this ____ day of _____, 2004

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Gary Locke

Bruce Bare, Dean, University of Washington

R. James Cook, Dean, Washington State University (Interim)

Terry Bergeson, Superintendent of Public Instruction

Glen Huntingford, Commissioner, Jefferson County

Attest:

Maureen Malahovsky, Board Coordinator